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JUN 27 1996

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**

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June 27, 1996

William F. Caton, Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

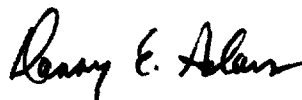
Re: CC Docket No. 96-98
Local Interconnection

Dear Mr. Caton:

On behalf of Cable & Wireless, Inc., please take notice that on June 26, 1996, Alan Stiffler and Rachel Rothstein of Cable & Wireless, Inc. and I met with James Casserly of the FCC. The discussion concerned CWI's comments in the above-referenced docket, as summarized in the attached materials.

In accordance with Section 1.1206 of the Commission's rules, an original and one copy of this notice and attachments are provided for inclusion in the public record.

Sincerely,



Danny E. Adams

Enclosure

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THE IMPORTANCE OF LOCAL RESALE

CC Docket No. 96-98

CABLE & WIRELESS, INC.

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June 26, 1996

National Minimum Rules Are Necessary and Appropriate

- The FCC has the authority and the duty to establish national minimum standards.
- National standards for local resale should include:
 - All services are available for resale.
 - Services may not be withdrawn/grandfathered to avoid resale.
 - New services should be available for resale simultaneously with implementation.
 - “Costs avoided” should include specified USOA accounts.
 - Administrative costs cannot be added to wholesale prices.
 - States should adopt rules promptly.

Why is Resale Important

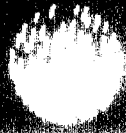
- Uncertainty of Unbundled Elements and Interconnection.
- Resale is critical to prevent discrimination and anticompetitive pricing.
 - Resale and Shared Use Decision (1976)
 - CMRS Resale Decision (June 12, 1996)
- Policy is mostly theoretical at this time .
 - Once policy is implemented, ILECs and competitors will need to experiment and test new facilities.
- Ability/timing of states to set pricing.

Why is Resale Important

- Smaller CLECs may not be able to take advantage of unbundled elements for some time.
- Some carriers may remain limited to specific geographic regions -- making resale only option in low customer growth geographic areas.

Which Services Should Be Available for Resale

- Section 251 requires that all services provided at retail must be offered for resale at wholesale rates.
- At a minimum, the FCC should require the states to make the following services available for resale within three months from release of the FCC's decision.
 - Measured & flat rate residential and business service
 - Measured and flat rate trunk services
 - Centrex (and all feature packages)
 - All other ancillary services
 - All other features



Promotions/ Discounts Must Be Available for Resale

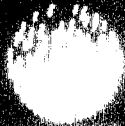
- Prohibit ability of ILECs to use promotions to thwart entry by competitors.
- Helps to ensure against anti-competitive conduct in joint marketing local and long distance service.
- Helps prevent discriminatory and anticompetitive pricing.
- All “packages” of ILEC products must be included for resale at bundled-package rate, minus avoided cost.

Grandfathering/ Withdrawal of Service

- FCC must prohibit ILECs from withdrawing service solely to avoid resale
 - States should undertake appropriate business analysis review
- Services grandfathered to ILEC customers must be grandfathered to CLEC resale customers

Back-Office Support

- Almost as important as services, ILECs must give access to systems to support resale, with consistent pricing.
 - Access to customer information
 - Ordering/provisioning
 - On-line Billing/Customer Account Data
 - On-line monitoring & troubleshooting



The States' Role

- States must enact wholesale prices for all ILEC services at avoided costs.
- States must vigorously pursue policies which prohibit the ILECs from enacting barriers to resale entry.
- States must entertain mediation requests from ILECs on resale issues.